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May 3, 2012  
VIA E-MAIL  
TSCHIFF@DECRONPROPERTIES.COM

Thomas Schiff, Esq.  
Executive Vice President/General Counsel  
Decron Properties Corporation  
6222 Wilshire Boulevard  
Suite 400  
Los Angeles California 90048

**Re: Bay Club, 13935-14055 Tahiti Way, Marina Del Rey, California**

Dear Tom:

As you are aware, we represent Archstone Marina Bay Nominee LP, which entity has been engaged in extensive negotiations with your client, NF Marina, LP (the current ground lessee of the subject property), for the potential purchase of the ground lessee's interest in the subject property. As you are also aware, both Archstone Marina Bay Nominee LP and NF Marina, LP (and we believe the County of Los Angeles) feel that it is in the best interests of all parties concerned for Archstone Marina Bay Nominee LP and NF Marina, LP to have a meeting with appropriate representatives with the County of Los Angeles to discuss a number of matters with regard to the potential assumption of NF Marina, LP's interest in the ground lease of the subject property. Per our discussions, the issues about which Archstone Marina Bay Nominee LP would like some clarification from the County are as follows:

1. It is our understanding that NF Marina, LP had met with the County to discuss proposed phasing of the marina work (in addition to the approved phasing plan for the apartment work). We would like a better understanding of the specific nature of this proposed phasing work and the County's position on whether they are prepared to approve such a phasing plan.
2. We would like to understand where the County stands with regard to the approval of all Entitlement Conditions and other conditions precedent under the Option Agreement that must be satisfied in order to exercise the Option and execute the Restated Ground Lease.
3. Simultaneously with the closing, we want to exercise the Option and enter into the Restated Ground Lease. We would like to understand the proposed timing for any outstanding County approvals that are necessary preconditions for the exercise of the Option and the execution of the Restated Ground Lease. We would like to get a better understanding of the process, sequencing, timeline, coordination of simultaneous Ground Lease execution with closing, etc. from the County's perspective.
4. We would like to discuss the purchaser's proposed nominee structure for acquisition of the ground leasehold interest to confirm that the County is comfortable with the proposed structure. Attached as Exhibit A is



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a diagram depicting the proposed nominee structure and a brief narrative explanation of that structure that we hope will be helpful.

5. We would like to understand what constitutes "commencement of construction" to satisfy the 60 day commencement of construction requirement, and whether utility work would qualify as "commencement of construction."

6. We would like to confirm that following forms are acceptable to the County:

(a) the proposed form of Ground Lessor Estoppel certificate (attached as Exhibit B, together with a blackline showing the changes to the form approved by the County in the Villa Venetia transaction between our client and the County); and

(b) and the proposed form of the Restated Ground Lease (attached as Exhibit C, together with a blackline showing the changes to the form of Restated Ground Lease attached to the Option Agreement).

We would appreciate it if you would please forward these materials to the appropriate individuals with the County of Los Angeles and please let us know when it would be convenient for us to meet with you and the County to discuss these matters. It would be our hope that everyone will have had an opportunity to review and discuss internally the information included with this letter in advance of such a meeting so we would be in a position to discuss specific County responses to these inquiries at such a meeting.

We look forward to hearing from you so we can coordinate schedules and continue to advance the ball on this transaction. Thank you in advance for your assistance.

Very truly yours,

**DLA Piper LLP (US)**

A handwritten signature in blue ink, appearing to read 'Adam T. Berkoff', written over a blue horizontal line.

Adam T. Berkoff

cc: **Mark Peppercorn (via e-mail)**  
**Greg Campbell (via e-mail)**  
**Thomas Reif (via e-mail)**  
**David Hall (via e-mail)**



**Exhibit A**

**Proposed Nominee Structure**



**Exhibit B**

**Proposed Form of Ground Lessor Estoppel Certificate with Blackline to Villa Venetia Form**



**Exhibit C**

**Proposed Form of Restated Ground Lease with Blackline to Option Agreement Form**  
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